

COPY

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF NORTHERN INDIANA PUBLIC SERVICE )  
COMPANY ("NIPSCO") FOR (1) AUTHORITY TO MODIFY )  
ITS RATES AND CHARGES FOR ELECTRIC UTILITY )  
SERVICE; (2) APPROVAL OF NEW SCHEDULES OF RATES )  
AND CHARGES APPLICABLE THERETO; (3) APPROVAL )  
OF REVISED DEPRECIATION ACCRUAL RATES; (4) )  
INCLUSION IN ITS BASIC RATES AND CHARGES OF THE )  
COSTS ASSOCIATED WITH CERTAIN PREVIOUSLY )  
APPROVED QUALIFIED POLLUTION CONTROL )  
PROPERTY PROJECTS; (5) AUTHORITY TO IMPLEMENT )  
A RATE ADJUSTMENT MECHANISM PURSUANT TO IND. )  
CODE § 8-1-2-42(a) TO (A) TIMELY RECOVER CHARGES )  
AND CREDITS FROM REGIONAL TRANSMISSION )  
ORGANIZATIONS AND NIPSCO'S TRANSMISSION )  
REVENUE REQUIREMENTS; (B) TIMELY RECOVER )  
NIPSCO'S PURCHASED POWER COSTS; AND (C) )  
ALLOCATE NIPSCO'S OFF SYSTEM SALES REVENUES; (6) )  
APPROVAL OF VARIOUS CHANGES TO NIPSCO'S )  
ELECTRIC SERVICE TARIFF INCLUDING WITH RESPECT )  
TO THE GENERAL RULES AND REGULATIONS, THE )  
ENVIRONMENTAL COST RECOVERY MECHANISM AND )  
THE ENVIRONMENTAL EXPENSE MECHANISM; (7) )  
APPROVAL OF THE CLASSIFICATION OF NIPSCO'S )  
FACILITIES AS TRANSMISSION OR DISTRIBUTION IN )  
ACCORDANCE WITH THE FEDERAL ENERGY )  
REGULATORY COMMISSION'S SEVEN-FACTOR TEST; )  
AND (8) APPROVAL OF AN ALTERNATIVE REGULATORY )  
PLAN PURSUANT TO IND. CODE § 8-1-2.5-1 *ET SEQ.* TO )  
THE EXTENT SUCH RELIEF IS NECESSARY TO EFFECT )  
THE RATEMAKING MECHANISMS PROPOSED BY )  
NIPSCO.

FILED

OCT 14 2008

INDIANA UTILITY  
REGULATORY COMMISSION

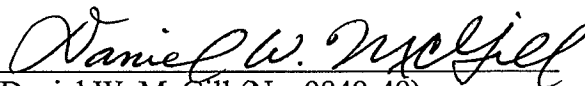
CAUSE NO. 43526

**PETITIONER NORTHERN INDIANA PUBLIC SERVICE COMPANY'S  
SUBMISSION OF VERIFIED SUPPLEMENTAL DIRECT TESTIMONY**

Pursuant to Paragraph 5 of the Prehearing Conference Order, Petitioner Northern Indiana Public Service Company hereby submits the attached Petitioner's Exhibit EOO-4, Verified Supplemental Direct Testimony of Eileen O'Neill Odum, which confirms Petitioner's compliance with 170 IAC 4-1-18(C) regarding the provision of a notice to

Petitioner's residential customers fairly summarizing the nature and extent of the proposed changes in residential base rate schedules.

Respectfully Submitted,



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**Certificate of Service**

The undersigned hereby certifies that Petitioner Northern Indiana Public Service Company's Submission of Verified Supplemental Direct Testimony has been served by depositing copies thereof in the United States Mail, first class postage prepaid, addressed to the following counsel:

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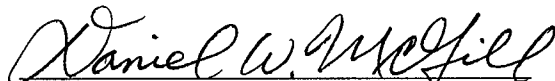
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this 14th day of October, 2008.

  
Daniel W. McGill

**NORTHERN INDIANA PUBLIC SERVICE COMPANY**

**IURC CAUSE NO. 43526**

**VERIFIED SUPPLEMENTAL DIRECT TESTIMONY**

**OF**

**EILEEN O'NEILL ODUM**

**PRESIDENT**

**SUPPLEMENTAL DIRECT TESTIMONY  
OF  
EILEEN O'NEILL ODUM**

1   **Q1.   Please state your name and business address.**

2   A1.   My name is Eileen O'Neill Odum, and my business address is 801 East 86th  
3       Avenue, Merrillville, Indiana 46410.

4   **Q2.   Did you submit prefiled direct testimony in this proceeding?**

5   A2.   Yes. My direct testimony was included in the case-in-chief of Petitioner Northern  
6       Indiana Public Service Company ("NIPSCO") filed with the Commission on  
7       August 29, 2008.

8   **Q3.   What is the purpose of this supplemental direct testimony?**

9   A3.   The Prehearing Conference Order in this cause states on page 3 that "[o]n or  
10       before October 15, 2008, Petitioner shall provide evidence of its compliance with  
11       170 IAC 4-1-18(C) to provide notice to its residential customers which fairly  
12       summarizes the nature and extent of the proposed changes in its residential base  
13       rate schedules." The purpose of my supplemental direct testimony is to confirm  
14       NIPSCO's compliance with the Commission's customer notice rule as required by  
15       the Prehearing Conference Order.

16   **Q4.   Has NIPSCO provided its residential customers with a written notice**  
17       **summarizing the nature and extent of the proposed changes in residential**  
18       **basic rates?**

1   A4.   Yes. A copy of the notice was filed with the Commission on September 8, 2008  
2       as a late-filed exhibit to my direct testimony and was identified as Petitioner's  
3       Exhibit EOO-3. A copy of Petitioner's Exhibit EOO-3 is also attached to this  
4       supplemental direct testimony.

5   **Q5.   How and when was the notice provided to NIPSCO's residential customers?**

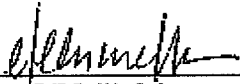
6   A5.   Petitioner's Exhibit EOO-3 was included as a bill insert with monthly bills mailed  
7       to NIPSCO's residential electric customers in billing cycles commencing on  
8       September 8, 2008. The distribution of the notice was completed within forty-  
9       five (45) days of the filing of NIPSCO's case-in-chief in this proceeding, *i.e.*, by  
10      October 13, 2008.

11   **Q6.   Does this conclude your verified supplemental direct testimony?**

12   A6.   Yes, it does.

### VERIFICATION

I, Eileen O'Neill Odum, President of Northern Indiana Public Service Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Eileen O'Neill Odum

Date: October 13, 2008

## RESIDENTIAL CUSTOMER NOTICE

On June 27, 2008, Northern Indiana Public Service Company (NIPSCO) filed a petition with the Indiana Utility Regulatory Commission (IURC) to adjust its rates for its electric utility service. On August 29, 2008, NIPSCO filed with the IURC its proposed changes in its electric rates. If the proposed changes are approved by the IURC, the electric bill for a typical residential customer would increase by about 8.86% or about \$7.24 per month. The following table shows the impact at various monthly usage levels:

Step 1 Residential Customer				
Monthly Usage (kilowatt hours)	Current Bill	Proposed Bill	Increase Amount	Percent Increase
600	\$67.90	\$74.47	\$6.57	9.68%
Average 735	\$81.68	\$88.92	\$7.24	8.86%
800	\$88.31	\$95.87	\$7.56	8.56%

NIPSCO also proposes a second increase to take effect no later than June 2010 when its Sugar Creek Generating Station will be able to supply energy to the energy market in which NIPSCO's service area is located. The second step of the rate adjustment would increase the typical residential customers bill by about 6.64% or \$5.90 per month. The following table shows the impact at various monthly usage levels:

Step 2 Residential Customer				
Monthly Usage (kilowatt hours)	Current Bill	Proposed Bill	Increase Amount	Percent Increase
600	\$74.47	\$79.33	\$4.86	6.53%
Average 735	\$88.92	\$94.82	\$5.90	6.64%
800	\$95.87	\$102.28	\$6.41	6.69%

NIPSCO must receive formal approval from the IURC before it can make a change to its base rates. A rate case is a process which includes the Indiana Office of Utility Consumer Counselor (OUCC) which represents all customers, and other intervenors who participate in the hearings and request additional information from the utility. The process can take up to 12 to 18 months before the new rates are approved by the IURC and are applied to customer bills.